

19.



March 7, 2007

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, First Floor
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2006-0386
HECO 2007 Test Year Rate Case
Affidavit of Publication

Attached is the Affidavit of Publication for Hawaiian Electric Company, Inc.'s
("HECO") Notice of Public Hearing for the subject docket. The Notice was published in the
Honolulu Advertiser on February 22, 2007.

Sincerely,

Dean K. Matsuura
Director, Regulatory Affairs

Attachment

cc: Division of Consumer Advocacy

PUBLIC UTILITIES
COMMISSION

2007 MAR -7 P 3:54

FILED

2C
✓BKK/C
SKD
SKD/KKS
BC/RVD/JM
SI/DA
YK/WT

IN THE MATTER OF

NOTICE OF PUBLIC HEARING
DOCKET NO. 2006-0386

NOTICE OF PUBLIC HEARING

IN THE MATTER OF THE APPLICATION OF HAWAIIAN ELECTRIC COMPANY, INC.
FOR APPROVAL OF RATE INCREASES AND REVISED RATE SCHEDULES AND RULES

DOCKET NO. 2006-0386

NOTICE IS HEREBY GIVEN that pursuant to chapters 91 and 269, Hawaii Revised Statutes ("HRS"), the STATE OF HAWAII, PUBLIC UTILITIES COMMISSION ("Commission") will hold a public hearing relating to the application of HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), filed on December 22, 2006, for approval of general rate increases and revised rate schedules and rules. The public hearing will be held as follows:

Date: Tuesday, March 6, 2007
Time: 6:00 p.m.
Location: Prince David Kwananaka Middle School
Cafeteria
49 Foucault Street
Honolulu, HI 96813

HECO is a franchised public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the Island of Oahu. HECO seeks Commission approval of a general rate increase of approximately \$99,556,000, or 7.1%, over revenues at current effective rates. Revenues at current effective rates include revenues from the interim rate increase approved by the Commission in Interim Decision and Order No. 21058, filed in HECO's 2005 test year rate case, Docket No. 04-0113. If revenues from the interim rate increase are excluded, the requested relief over revenues at present rates is estimated to be \$151,505,000. The requested increase is based on estimated total revenue requirements of \$150,787,000 for the normalized 2007 test year (based on August 2006 fuel oil and purchased energy prices, and an 8.92% rate of return on HECO's average rate base). HECO is also proposing several new rate designs and rate schedules, including an including rate block structure for residential customers, optional line-of-use rates, and standby service rates.

HECO states that it filed this request for a general rate increase due primarily to the addition of plant and equipment in HECO's system, and increasing costs for labor, materials, contract services, depreciation, and other operating expenses. Without further rate relief in this proceeding, HECO estimates that its rate of return on its average rate base at current effective rates will be 4.36% for the normalized 2007 test year, as compared to the 9.16% rate of return that the Commission authorized in Docket No. 7766 for the 1995 test year. In addition, HECO estimates that if revenues from the interim rate increase in Docket No. 04-0113 are not considered, HECO's rate of return on its average rate base will be 1.98% for the normalized test year.

HECO requests that its general rate increase and the revisions to its rate schedules and rules take effect in two steps:

1. **Interim Increase:** An interim increase in rates, to which the Commission finds HECO is "probably entitled," based on the evidentiary record, pursuant to HRS § 269-16(d); and
2. **Final Increase:** A general rate increase upon the Commission's issuance of its final Decision and Order that provides for the amount of the total requested revenue increase that was not included in the interim rate increase.

The proposed rate increases over current effective rates (which include the interim rate increase surcharges currently in effect) by rate classes for the 2007 normalized test year, in dollar amounts and by percentage, are as follows:

Rate Class	Revenue Increase (in \$000s)	Percentage Increase
R - Residential	\$30,589.3	7.06%
G - General, Non-Demand	\$5,702.9	7.06%
J - General, Demand	\$26,701.6	7.06%
H - Commercial Cooking, Heating, Air Conditioning and Refrigeration	\$519.6	7.07%
PS - Large Power, Secondary Voltage	\$9,943.7	7.06%
PP - Large Power, Primary Voltage	\$23,186.1	7.06%
PT - Large Power, Transmission Voltage	\$1,840.2	7.06%
F - Public Street Lighting, Highway Lighting, and Park and Playground Lighting	\$503.4	7.06%
Total Sales Revenue	\$99,787.0	7.06%
Other Operating Revenues	\$769.0	19.48%
Total Revenues	\$99,556.0	7.10%

The proposed rate increases over present rates (which exclude the interim rate increase surcharges) by rate classes for the normalized 2007 test year, in dollar amounts and by percentage, are as follows:

Rate Class	Revenue Increase (in \$000s)	Percentage Increase
R - Residential	\$47,841.5	11.51%
G - General, Non-Demand	\$8,733.3	11.24%
J - General, Demand	\$39,662.9	11.85%
H - Commercial Cooking, Heating, Air Conditioning and Refrigeration	\$796.0	11.25%
PS - Large Power, Secondary Voltage	\$15,631.6	11.57%
PP - Large Power, Primary Voltage	\$35,704.1	11.86%
PT - Large Power, Transmission Voltage	\$1,840.2	7.06%
F - Public Street Lighting, Highway Lighting, and Park and Playground Lighting	\$877.4	13.00%
Total Sales Revenue	\$150,687.0	11.19%
Other Operating Revenues	\$818.0	20.94%
Total Revenues	\$151,505.0	11.22%

The proposed increases reflect the average proposed increase for each schedule of service. The increase experienced by a particular customer will depend on the customer's schedule of service, and other factors, such as the customer's energy use and the customer's billing demand (where applicable).

The Commission will determine whether the proposed revenue increase, changes in rate schedules and rules, and other matters requested or proposed by HECO, are just and reasonable. The Commission will hold an evidentiary hearing sometime after the conclusion of the public hearing unless HECO and the applicable parties in this docket, at their option and upon the Commission's approval, waive the evidentiary hearing. The total revenue increase for the 2007 test year will not exceed the \$151,505,000 over revenues at present rates requested in the Application, but the rates and charges to be finally approved by the Commission after its investigation may be higher or lower than the proposed rates and charges for the various rate schedules of service.

All interested persons are urged to attend the public hearing to state their views, orally, in writing, or both. Written statements may be submitted prior to or at the public hearing. Statements may be mailed to the Public Utilities Commission, 465 South King Street, Room 103, Honolulu, Hawaii, 96813. Statements may also be sent by electronic mail to the Commission's e-mail address at Hawaii.PUC@hawaii.gov.

Motions to Intervene or Participate in this proceeding shall comply with Subchapter 4, Rules of Practice and Procedure Before the Public Utilities Commission, Hawaii Administrative Rules, Title 6, Chapter 61. A motion to intervene or participate in this proceeding shall be filed with the Commission by March 16, 2007.

Copies of the application and supporting documents are available for public inspection during regular business hours at the following locations:

PUBLIC UTILITIES COMMISSION
465 South King Street, #103
Honolulu, HI 96813
Phone: (808) 586-2020

DEPARTMENT OF COMMERCE
AND CONSUMER AFFAIRS
DIV. OF CONSUMER ADVOCACY
335 Merchant Street, #326
Honolulu, HI 96813
Phone: (808) 586-2800

HAWAIIAN ELECTRIC COMPANY, INC.
Customer Service Desk
820 Ward Avenue
Honolulu, HI 96814

HAWAIIAN ELECTRIC COMPANY, INC.
909 Richards Street
Honolulu, HI 96813
Phone: (808) 543-5670

Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu office.

William A. Bonnet
Vice President, Government & Community Affairs
Hawaiian Electric Company, Inc.
(Hon. Adv. Felt. 22, 2007)

(A-150241)

FILED

2007 MAR -7 P 3:54

AFFIDAVIT OF PUBLICATION
COMMISSION

STATE OF HAWAII
City and County of Honolulu

ss.

Jane Kawasaki

being duly sworn,

deposes and says that she is a clerk, duly authorized to execute this affidavit of THE HONOLULU ADVERTISER, a division of GANNETT PACIFIC CORPORATION, that said newspaper is a newspaper of general circulation in the State of Hawaii, and that the attached notice is a true notice as was published in the aforementioned newspaper as follows:

The Honolulu Advertiser: 1 time(s), on 02/22/2007

and that affiant is not a party to or in any way interested in the above entitled matter.

Subscribed and sworn to before me this 22nd day of February A.D. 2007.

Elsie A. Maruyama

ELSIE A. MARUYAMA

Notary Public of the First Judicial Circuit

State of Hawaii

March 7, 2008

My commission expires

